

SECOND ADDENDUM TO THE MASTER DEVELOPMENT AGREEMENT WITH PRESIDENT'S PLAZA L.L.C.

This Second Addendum to the Master Development Agreement ("Addendum") is made and entered into this ____ day of _____, 2011, by and between the City of Rapid City, a South Dakota municipal corporation ("City") and President's Plaza, LLC, a South Dakota limited liability company, ("President's Plaza").

RECITALS

WHEREAS, on September 21, 2009, the City approved the Master Development Agreement ("Master Agreement") between the City and St. Joe Investment Group L.L.C. ("St. Joe") regarding the proposed mixed use development on the corner of St. Joseph and 5th Street; and

WHEREAS, the City and St. Joe executed a First Addendum to the Master Development Agreement ("First Addendum") on November 16, 2009; and

WHEREAS, pursuant to the terms of the Agreement, the City approved an Assignment and Novation Agreement on April 18, 2011, whereby all of St. Joe's rights, interests and obligations under the Agreement were assigned to President's Plaza; and

WHEREAS, the City and President's Plaza have agreed to revise certain provisions of the Master Agreement.

NOW, THEREFORE, the parties hereby agree to modify the Master Agreement and First Addendum as follows:

1. Section 1, Overview of St. Joe Project, sub-paragraph C, is deleted in its entirety and is hereby replaced with the following language:

C. The City has approved Tax Increment District (TID) #62 which includes public improvements to be constructed by President's Plaza in conjunction with this project. The City agrees to enter into a Contract for Private Development to authorize payment of these funds to President's Plaza. The amount of funds available to President's Plaza is limited to the amounts and uses identified in the approved Project Plan for TID #62. The original Master Development Agreement limited the project costs which could be funded by the TID to \$5,000,000. This addendum removes the prior restriction on the use of the tax increment funds. Based on the previously approved project plan, President's Plaza will be able to use TID funds to pay up to \$9,242,500 for the parking structure, \$247,500 for soil removal, \$300,000 for relocating the power line in the alley, \$924,250 for professional services related to those improvements and \$962,125 in contingency funds which could be distributed between these line items. The TID also includes up to \$11,408,711.14 in interest costs. The amount actually expended would be dependent on the interest rate obtained by President's Plaza and the rate at which the TID paid off the principal on its loans.

2. Section 1, Overview of St. Joe Project, sub-paragraph E, is modified as follows:

The references to SDCL 5-18-1 through 5-18-25 are hereby changed to reference SDCL 5-18A, 5-18B, 5-18C and/or 5-18D.

3. Section 2, Obligations of St. Joe, sub-paragraph B, is modified as follows:

The references to SDCL 5-18-1 through 5-18-25 are hereby changed to reference SDCL 5-18A, 5-18B, 5-18C and/or 5-18D.

4. Section 2, Obligations of St. Joe, sub-paragraph C, is hereby deleted.

5. Section 2, Obligations of St. Joe, sub-paragraph E, is modified as follows:

The references to SDCL 5-18-1 through 5-18-25 are hereby changed to reference SDCL 5-18A, 5-18B, 5-18C and/or 5-18D.

6. Section 2, Obligations of St. Joe, sub-paragraph H is hereby added to read as follows:

H. In addition to the public parking structure contemplated by this Agreement, President's Plaza agrees to construct a mixed use building on the land provided by the City. The parties recognize that President's Plaza needs flexibility in the final design of the building to accommodate potential tenants and uses. The parties therefore agree President's Plaza shall have the ability to control the building's tenants and the amount of floor area dedicated to the specific uses. The current structure proposed by President's Plaza contains approximately 89,000 sq.ft. of floor area in addition to the parking structure. President's Plaza cannot reduce the square footage of the final structure by more than ~~15%~~ 25% without the approval of the City Council. If President's Plaza reduces the square footage of the final building by more than 15% without obtaining City Council approval, it is in breach of this Agreement and the City may suspend its obligations under this Agreement.

7. Section 3, Obligations of City, sub-paragraph C, is hereby deleted.

8. Section 3, Obligations of City, sub-paragraph E, is modified as follows:

The references to SDCL 5-18-1 through 5-18-25 are hereby changed to reference SDCL 5-18A, 5-18B, 5-18C and/or 5-18D.

- 9.. Section 3, Obligations of City, sub-paragraph F, is modified to add the following language at the end of the paragraph:

The City agrees to lease back 70 of the 350 City owned spots to President's Plaza, or its heirs, assigns or successors in interest, for use by tenants of the building. The spots will be leased at the same rates and under the same terms, to the extent those terms are not inconsistent with the specific terms of this Agreement, as all other City leased parking. If President's Plaza or its heirs, assigns or successors in interest sub-lease or otherwise

